

Message Text

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70

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 ACDA-19 MC-02 CCO-00

OTPE-00 FCC-03 OC-06 DODE-00 DRC-01 (ISO) W

----- 027302

R 182304Z JAN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2521

UNCLAS OTTAWA 0180

E.O. 11652: N/A

TAGS: ETEL, ETRD, EIND, CA

SUBJECT: COMPUTER INDUSTRY- MONTREAL GAZETTE EDITORIAL

1. FOLLOWING IS TEXT OF LEAD EDITORIAL JANUARY 18
MONTREAL GAZETTE ENTITLED "COMPUTER SYSTEMS CONTROL":
QUOTE. THE FEDERAL GOVERNMENT SHOULD LOSE NO TIME IN
IMPLEMENTING COMMUNICATIONS MINISTER GERARD PELLETIER'S
DECLARATION IN FAVOR OF CANADIAN CONTROL OF COMPUTER
SYSTEMS OPERATING IN THIS COUNTRY, AS WELL AS THE TELE-
COMMUNICATIONS SYSTEM. THE MINISTER'S STATEMENT CARRIES
THE MORE WEIGHT SINCE HE SAID THE GOVERNMENT WILL USE
COERCION SHOULD THERE BE A NEGATIVE RESPONSE FROM
INDUSTRY.

QUOTE. THE MINISTER'S STATEMENT INDICATES A GROWING
CANADIAN GOVERNMENT CONCERN WITH AN INCREASINGLY VITAL
SECTOR. THE COMPUTER INDUSTRY WILL SERVE AS ONE OF THE
BASIC, STAPLE INDUSTRIES OF THE FUTURE- COMPARABLE
IN MANY WAYS TO THE STEEL, AUTOMOTIVE, AND ELECTRICITY
INDUSTRIES OF TODAY. NO FEDERAL OR PROVINCIAL GOVERN-
MENT WILL BE ABLE TO RUN THIER INCREASINGLY COMPLEX
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ECONOMIES WITHOUT THEM.

QUOTE. SINCE THE TELECOMMUNICATIONS INDUSTRY IS ALREADY MORE THAN 90 PER CENT CANADIAN-OWNED, ACCORDING TO THE MINISTER, ATTENTION IS BEING FOCUSED ON THE COMPUTER SYSTEMS SECTOR. A SCIENCE COUNCIL OF CANADA REPORT STRONGLY URGED THE FEDERAL GOVERNMENT TO ENSURE THAT THE CANADIAN COMPUTER SERVICE INDUSTRY BE OWNED AND CONTROLLED BY CANADIANS. THIS WOULD MEAN CONTROL OF COMPUTER NETWORKS AND DATA STORAGE AND RETRIEVAL SYSTEMS, IN WHICH GROWTH WILL EXTEND THROUGHOUT ALL SECTORS OF THE CANADIAN ECONOMY AS GOVERNMENTS, INDUSTRIES, AND SERVICES PLUG IN.

QUOTE. IF THE COMPUTER SERVICE INDUSTRY IS TO FUNCTION IN THE NATIONAL INTEREST THERE IS LITTLE POINT IN ITS BEING FOREIGN-OWNED. THE BRITISH, FRENCH, AND JAPANESE GOVERNMENTS HAVE TAKEN STEPS TO ENSURE NATIONAL OWNERSHIP IN THE SERVICE SECTOR AND GONE ON TO ENCOURAGE DEVELOPMENT OF COMPUTER MANUFACTURING INDUSTRIES- BY 1970 BRITAIN WAS THE ONLY EUROPEAN MARKET NOT DOMINATED BY IBM, OWING TO A BRITISH GOVERNMENT DECISION TO AWARD GOVERNMENT CONTRACTS FOR COMPUTERS ONLY TO BRITISH-OWNED FIRS.

QUOTE. IN 1970 CANDIAN IMPORTS OF COMPUTERS AND COMPUTER COMPONENTS WERE \$218 MILLION WHILE THE CANADIAN INDUSTRY EXPORTED \$88 MILLION, LEAVING A DEFICIT OF \$130 MILLION. GIVEN THAT THE SCIENCE COUNCIL OF CANADA EMPHASIZED THE LOW LEVEL OF TECHNOLOGY, SMALL AMOUNT OF RESEARCH, AND LIMITED EXPORT OPPORTUNITIES IMPOSED ON FOREIGN-OWNED COMPUTER MANUFACTURERS IN CANADA THERE IS A STRONG CASE FOR CANADIAN CONTROL, WITH GOVERNMENT BACKING, IN THIS KEY INDUSTRIAL AND TECHNOLOGICAL SECTOR. END QUOTE.

2. COMMENT: THIS IS FIRST MAJOR EDITORIAL TREATMENT OF THIS SUBJECT IN LARGE CIRCULATION DAILY PRESS THAT WE ARE AWARE OF. PELLETIER'S REMARK ABOUT COERCION APPARENTLY CONTAINED IN HIS ADDRESS TO CANADIAN INFORMATION PROCESSING SOCIETY AT MONTREAL, AS REPORTED IN MONTREAL'S LA PRESSE FOR JANUARY 16. WE HAVE NOT UNCLASSIFIED

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YET SEEN OTHER COVERAGE OR TEXT OF HIS REMARKS, WHICH WE WILL TRY TO OBTAIN.

3. DEPARTMENT SHOULD NOTE GAZETTE EMPHASIS IS ON CANADIAN CONTROL OF COMPUTER SERVICE INDUSTRY. THIS EMPHASIS FITS WITH GENERAL THEME LAST YEAR'S GREEN PAPER AND VARIOUS STUDIES. (SEE OTTAWA A-469, SEPT 13 AND A-564, OCT 31, 1973.

SCHMIDT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ELECTRONICS INDUSTRY, COMPUTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA00180
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740132/aaaabdqt.tel
Line Count: 116
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2002 by chappeld>; APPROVED <29 APR 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMPUTER INDUSTRY- MONTREAL GAZETTE EDITORIAL
TAGS: ETEL, ETRD, EIND, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005